

19 NOV 1984

ADPP 256-84

MEMORANDUM FOR: [REDACTED]
Office of Legislative Liaison

FROM: [REDACTED]
Director of Finance

SUBJECT: Office of Finance Comments - Congressional Report
on Federal Agencies' Audit Resolution Policies and
Procedures

STAT

STAT

1. The following are Office of Finance (OF) observations on the Committee on Government Operations' report entitled "Questionable Decisions by Program Managers Undermine the Federal Government's Audit Process."

2. Although the Agency does have some relationships in the form of grants, these arrangements are very few and modest in dollar value. They are simplistic and easily administered by the operating component. OF's contract auditors have no involvement with these grants.

3. The subject report deals exclusively with post-award audits of contracts and the frequently large disparity between the amount of expenditures questioned by auditors and the amount of these costs which program officials agree should be returned to the Federal Government. You should be aware that all findings and recommendations made by our contract auditors are resolved on a timely basis to the satisfaction of both sides concerned. There exists a formal memorandum of understanding between the Offices of Finance and Logistics which specifically sets forth the procedures for settling audit recommendations and which mandates their resolution. The resolution involves participation by both the contracting officer and the auditor with a specific chain of appeal to at least two levels of management if agreement cannot be reached.

16

STAT